



# LENDER NEWS

A Publication of the Des Moines District Office and Cedar Rapids Branch Office

May, 2006

## From the District Director's Desk

### Centralized 7(a) on the way - ReadyTalk Repeat

Dear Lender:

In today's ever-fast global environment, we often hear how business must be innovative and nimble on its feet. This change is a constant in the every day competitiveness of the financial industry in which you operate. Last month's title of my message was, "FY 2006 Midpoint- Continuing the Transition." We are continuing this transition and change as you note by the articles in this issue on the PLP loan program and the proposed Lender Risk Rating System.

SBA Administrator Hector Barreto announced in April plans to centralize 7(a) loan processing, 504 liquidation and disaster loan liquidation activities. The processing of 7(a) loans (loans that are not submitted by lenders under delegated authorities, i.e., PLP lenders and SBAExpress lenders) will be centralized in the Sacramento, CA and Hazard, KY processing centers. The 504 loan liquidations will be centralized in the Fresno, CA and Little Rock, AR servicing centers. Disaster loan liquidations will be centralized in the Santa Ana, CA liquidation center.

This is a continuation of SBA's move to progressively use computerization and centralization to increase loan program efficiency. These steps have been taken to reduce SBA and lender loan costs, to

improve program effectiveness, and to enhance customer responsiveness and service.

The intent is to continue to free up district office resources to provide outreach and guidance to a greater number of small businesses. This is an important and major step in the SBA's transformation to highly efficient, streamlined, and centralized operations that will enable us provide exceptional customer service and expedited loan processing while improving quality and consistency.

We will continue to keep you informed as these initiatives move forward. As a part of our ongoing effort to facilitate this change for you we will continue to provide educational and training opportunities such as the ReadyTalk session scheduled for May 31<sup>st</sup> on Express, Community Express and E-Tran. If you were unable to join us for our earlier sessions, have not yet made that transition from Lowdoc to Express/Community Express or just have some answered questions please join us for this conversation.

Sincerely,

Joseph M. Folsom  
District Director

## INFORMATION

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### Fresno Servicing Center

Fresno, CA  
(559) 487-5650  
(559) 487-5803 FAX

### Liquidation & Purchase Center

Herndon, VA  
(703) 487-9283  
(202) 481-4674 FAX

### PLP Processing Center

Sacramento, CA  
(916) 930-2463 or 930-2460  
(916) 930-2160 FAX

## Looking for SBA Forms?

Go to  
[www.sba.gov/library/forms.html](http://www.sba.gov/library/forms.html)

## "Repeat" Ready Talk Session on Express and E-Tran - May 31st

Our Ready Talk sessions on SBAExpress, Community Express and E-Tran were so successful, that we're doing it again.

We had over 60 lenders participate in the April 27th SBAExpress/Community Express session and over 30 participate in the E-Tran session on April 28th. As a number of our lending partners were unable to participate, we have scheduled another Ready Talk session for Wednesday, May 31st. It will cover BOTH

SBAExpress/Community Express and E-Tran.

District Director Joe Folsom, Deputy District Director Tom Harbison and Lead Lender Relations Specialist Vern Sample will give a brief overview of SBAExpress and SBA Community Express, outline how to become an Express Lender, and provide detailed information on processing. Information on E-Tran, our electronic interface, will also be provided.

"Ready Talk" is an interactive system allowing you to participate from your office by conference call while following along with the visual presentations using an Internet connection. The call-in number is (866)740-1260 and the access code is 3076101#. To access the visual presentation, go to <http://sba.readytalk.com> and enter access code 3076101 in the "Access Code" box

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## May 31st ReadyTalk Session (Continued from Page1)

under "Participant Login." Once you've done that, simply fill out the registration information and click "submit." The session will begin at 9:30 a.m. and last approximately one hour. We ask that

participants sign on by 9:25 a.m. Participation is limited to 95 lines, so please RSVP your participation to Dave Lentell by e-mail at [thomas.lentell@sba.gov](mailto:thomas.lentell@sba.gov). If you have

any questions about Ready Talk, e-mail Dave or call him at (515) 284-4522

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## SBA Gives PLP Lenders Nationwide Lending Authority

SBA is continuing to streamline its loan programs to enhance program efficiency and to improve customer service to its lending partners and the small business community. Following discussions with the lending industry, the Agency has concluded that authorizing lenders to make PLP loans nationwide will enhance small

business access to capital, and that SBA's handling of requests by SBA lenders for PLP status can be more timely and efficient.

Effective May 2, 2006, the geographic territory for each existing PLP lender will be nationwide. SBA lenders seeking new

PLP status also will receive nationwide PLP geographic territory.

For information regarding new requests for PLP status, contact Vern Sample at [laverne.sample@sba.gov](mailto:laverne.sample@sba.gov) or 515-284-4554.

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## Proposed Lender Risk Rating System - SBA Seeks Lender Comment

SBA is proposing a lender risk rating system to assist SBA in assessing the risk of each active 7(a) Lender and Certified Development Company's SBA loan operations and loan portfolio.

This internal system would be used to identify those institutions whose SBA loan operations and portfolio require additional SBA monitoring or other action. The system would also be a vehicle for assessing the aggregate strength of SBA's 7(a) and 504 portfolios.

Under the proposed system, SBA would assign all lenders a composite rating, which would reflect SBA's assessment of the potential risk to the government of that

lender's SBA portfolio performance. For 7(a) lenders, SBA would base the composite rating on four common factors:

- 12-month actual purchase rate;
- Problem loan rate;
- 3 month change in the small business predictive score (a small business credit score on loans in the 7(a) lender's portfolio); and
- Projected purchase rate derived from the small business predictive score.

SBA would perform quarterly calculations on the common factors for each lender, so that lender's composite risk ratings would be updated on a quarterly basis. Peer groups would be used to perform the analysis based on

outstanding SBA guaranteed dollars.

SBA is seeking comments on the proposed risk rating system, which was published in the May 1, 2006 Federal Register. To facilitate written comments on the proposed system, SBA will provide lenders access to their own preliminary risk ratings, as well as average peer and portfolio performance information. Specific instructions for portal access are included in the notice.

For a copy of the notice, please contact Deb Anders on at [debora.anderson@sba.gov](mailto:debora.anderson@sba.gov) or by calling 515-284-4563. Comments are due on or before June 15, 2006.

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## Consider SBA Loan Programs for your Ag-Related Financing Needs

We've had some recent inquiries from lenders asking about how SBA can assist with ag lending, so we'd like to take this opportunity to remind our lending partners that we can work with you to provide **ag financing** to your customers through any of our 7(a) financing programs, except SBA Express and Community Express. An option you might consider under 7(a) is our CAPLines Program where we can assist you in providing "crop input" or seasonal lines of credit for farmers.

Keep in mind that under 7(a), the size standard for most small businesses in the **agricultural** industry is \$750,000 in average annual receipts. However, the chicken egg production size standard is \$11.5 million and the cattle feedlot size standard is \$2 million.

For larger financing projects, consider our **504 fixed-asset loan program**. Through this program, we can assist you in providing long-term, fixed-asset financing

for a wide variety of ag uses such as feedlots, confinements, the purchase of land and/or buildings and construction of new buildings. The 504 fixed-asset program has broader size standards than those outlined above, which means greater eligibility for agricultural concerns.

Contact your SBA Loan Officer today to discuss the advantages of using the SBA guaranteed loan program for your ag lending needs.

## SBA Lender Activity Report for April

LENDER NAME	LOCATION	#	AMOUNT
U.S. BANK	IOWA	12	\$1,123,400
WELLS FARGO BANK	IOWA	9	\$1,373,100
BLACK HAWK ECON. DEV.	WATERLOO	5	\$1,381,000
IOWA BUSINESS GROWTH CO.	JOHNSTON	4	\$4,145,000
SIOUXLAND ECON. DEV. CORP.	SIOUX CITY	3	\$464,000
BANK IOWA	ALTOONA	3	\$410,000
IOWA BANK	BELLEVUE	3	\$345,400
BANK OF AMERICA	IOWA	3	\$120,000
CAPITAL ONE	VIRGINIA	3	\$100,000
IOWA STATE BANK	WAPELLO	2	\$375,600
FIRST FEDERAL BANK	SIOUX CITY	2	\$338,000
GREAT WESTERN BANK	CLIVE	2	\$149,000
FREEDOM FINANCIAL BANK	WDM	2	\$100,000
CEDAR RAPIDS BK & TR CO	CEDAR RAPIDS	2	\$90,000
NATL CITY BK - MIDWEST	ILLINOIS	2	\$50,000
FAIRFAX STATE SAVINGS BANK	FAIRFAX	1	\$950,000
MIDWESTONE BANK	OSKALOOSA	1	\$700,000
FIRST IOWA STATE BANK	ALBIA	1	\$532,700
BURLINGTON BANK AND TRUST	BURLINGTON	1	\$500,000
FIRST AMERICAN BANK	CLIVE	1	\$465,000
LIBERTY BANK, FSB	CORALVILLE	1	\$400,000
E.C.I.A. BUSINESS GROWTH	DUBUQUE	1	\$325,000

LENDER NAME	LOCATION	#	AMOUNT
GREAT WESTERN BANK	CARLISLE	1	\$319,500
GUARANTY BANK & TRUST CO.	CEDAR RAPIDS	1	\$300,000
CIT SMALL BUS. LENDING	TEXAS	1	\$245,400
IOWA ST. BK & TR CO	IOWA CITY	1	\$220,000
EXCHANGE BANK	CALIFORNIA	1	\$217,200
CORP. FOR ECON. DEV.	DES MOINES	1	\$156,000
COMMUNITY SAVINGS BANK	EARLVILLE	1	\$145,000
CITIZENS STATE BANK	WUKON	1	\$130,000
HILLS BANK AND TRUST CO.	HILLS	1	\$108,700
MIDWEST HERITAGE BANK	CHARITON	1	\$104,000
DUPACO COMMUNITY CU	DUBUQUE	1	\$100,000
SMALL BUS. GROWTH CORP	ILLINOIS	1	\$95,000
BANKERS TRUST COMPANY	CEDAR RAPIDS	1	\$75,000
FRONTIER BANK	ROCK RAPIDS	1	\$75,000
VALLEY BANK & TRUST	CHEROKEE	1	\$60,000
BANK IOWA	RED OAK	1	\$47,100
LINCOLN SAVINGS BANK	CEDAR FALLS	1	\$46,000
IOWA STATE BANK	HULL	1	\$42,500
DUTRAC COMMUNITY CU	DUBUQUE	1	\$35,000
BUSINESS LOAN CENTER, LLC	FLORIDA	1	\$25,000
NORTHWEST BANK & TRUST CO.	DAVENPORT	1	\$25,000
FIRST NATL BK - MUSCATINE	MUSCATINE	1	\$4,500

*The following lenders in Iowa were participant lenders in the SBA's 504 loan program during the month of April*

LENDER NAME	LOCATION	#	AMOUNT
PEOPLES BANK	CONNECTICUT	2	\$3,375,117
BURLINGTON BANK & TRUST	BURLINGTON	2	\$1,226,527
WEST BANK	WDM	1	\$1,000,000
LIBERTY BANK	CORALVILLE	1	\$629,000
AMERICAN TRUST & SAVINGS	DYERSVILLE	1	\$450,000
COMMUNITY NATIONAL BANK	WATERLOO	1	\$375,000
PRIME BANK	SIOUX CENTER	1	\$240,000

LENDER NAME	LOCATION	#	AMOUNT
DECORAH BANK & TRUST	DECORAH	1	\$220,000
IOWA STATE BANK	HULL	1	\$220,000
FIRST AMERICAN BANK	CLIVE	1	\$187,500
PIONEER BANK	SGT. BLUFF	1	\$152,500
FIRST TRUST & SAVINGS	ILLINOIS	1	\$112,500
FIRST CITIZENS NAT'L BANK	MASON CITY	1	\$110,000